GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:91
ANSWERED ON:10.08.2007
LOSSES OF SEBs
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Will the Minister of POWER be pleased to state:

(a) whether the Government is aware that many of the State Electricity Boards/Corporations are incurring huge losses;

(b) if so, the financial losses suffered by each State Electricity Board/Corporation during each of the last three years, State-wise;

(c) whether the Government has taken any steps to curtail the losses of these Boards/Corporations during the period;

(d) if so, the details thereof along with the achievements made so far in this regard; and

(e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) & (b) : The State power utilities are regulated by the concerned State Electricity Regulatory Commissions. The Power Finance Corporation, which lends funds to State power utilities also, brings out an annual compilation on the result of financial performance of these utilities. State wise details of profits/losses of State Electricity Boards (SEBs)/Power Utilities for the years 2003-04, 2004-05 and 2005-06 as compiled by Power Finance Corporation are given in annexure.

(c) & (d) : The Government of India has also taken the following major initiatives to bring down the losses of SEBs/Power Utilities:

i) Past dues of Central Public Sector Companies against State Electricity Boards (SEBs) amounting to Rs.34, 957.96 crores have been securitized in the year 2001.
ii) The Electricity Act, 2003 provides that the tariff determination is to be done by independent Electricity Regulatory Commissions.
iii) Section 65 of the Act provides that if the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commissions, the State Government shall pay to the concerned utility/licensee the full amount required to compensate the grant of subsidy. This provision is to ensure timely release of subsidy by the State Government to the utilities.
iv) The Accelerated Power Development and Reform Programme (APDRP) aimed at assisting States in investment in strengthening of sub transmission and distribution systems for reducing technical losses and improving the quality of supply and also for incentivising through cash grants for reduction of cash losses by State Power Utilities. It is proposed to restructure the programme for making it more effective.
v) Legal provisions in Electricity Act, 2003 for dealing with theft of electricity have been further strengthened by Electricity (Amendment) Act, 2007.
vi) Emphasis is given on metering of feeders and supply to consumers for energy accounting and auditing for identifying location of high losses.
vii) Improving financial viability of power utilities is one of the key deliverables of power sector reforms. The trend of continuously increasing commercial losses of Power Utilities has been arrested. The commercial losses (without subsidy) in State Power Utilities which had increased from Rs.4,560 crores during 1992-93 to Rs.25,259 crores during 2000-01, have come down to Rs.19,107 crores, Rs.23,880 crores and Rs.19,546 crores during the year 2003-04, 2004-05 and 2005-06, as per the available data compiled by Power Finance Corporation.

(e) : Does not arise in view of (c) & (d) above.